

**STATEMENT OF PROCEEDINGS FOR THE REGULAR MEETING OF THE
CITY OF SAN FERNANDO OVERSIGHT BOARD**

**CITY OF SAN FERNANDO
CITY COUNCIL CHAMBERS
117 MACNEIL STREET
SAN FERNANDO, CALIFORNIA 91340**

Thursday, January 10, 2013

10:00 a.m.

AUDIO LINK FOR THE ENTIRE MEETING. (13-0475)

Attachments: [Audio](#)

I. CALL TO ORDER

Vice Chair Federico Ramirez called the meeting to order at 10:06 a.m.

II. ROLL CALL

Ivonne Evelyn Umana, Administrative Staff, called the roll:

Present: **Board Members Edgar Arroyo, Jamaar Everett,
Robert Moran, Monte Perez, Jerry Ramirez and
Vice Chair Federico Ramirez**

Absent: **Chair Judith Frank**

IV. ADMINISTRATIVE MATTERS

- 1.** Recommendation: Approve the minutes of December 13, 2012. (13-0212)

On motion of Board Member Arroyo, seconded by Board Member Jerry Ramirez, duly carried by the following vote, the Oversight Board approved the December 13, 2012 Minutes:

Ayes: 6 - Board Members Arroyo, Everett, Moran, Member Perez, Ramirez and Vice Chair Ramirez

Absent: 1 - Chair Frank

Attachments: [December 13, 2012 Minutes](#)

V. RECOMMENDATIONS

2. Recommendation: Close the public comment session for public input pertaining to the Non-Housing All Funds Due Diligence Review Report, and adopt a resolution approving the Non-Housing All Funds Due Diligence Review Report as prepared by an independent auditor, pursuant to Health and Safety Code Section 34179.5. (12-5500)

Don Penman, Interim City Administrator, and Sonia Garcia, Junior Accountant, presented the Final Non Housing All Funds Due Diligence Review Report (DDR), noting the revisions requested by the Oversight Board at the meeting of December 13, 2012. Ms. Garcia informed the Oversight Board that the City is facing a \$1,015,655 shortfall and cannot make all their payments.

Board Member Moran inquired about the less cash deficit of \$283,640. Ms. Garcia explained that as of June 30, 2012, the City experienced a shortfall of \$283,640, related to the Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2012 through June 30, 2012 (ROPS 1); and provided a verbal overview of the Redevelopment Agency's cash balance and its enforceable obligations. He noted that the Successor Agency had not received any funding for the ROPS for the period of January 1, 2013 through June 30, 2013.

Board Member Perez inquired if the Successor Agency staff had notified or approached the County of Los Angeles (County) about the underfunding issue. Ms. Garcia informed the Oversight Board that the cause of the shortfall was that the Successor Agency had included pass-through payments on the ROPS 1; they were not aware that the County would deduct funds upfront. At the time that the County reconciled the figures on ROPS 1, it was determined that the Successor Agency had received excessive funding because the pass-through payments had already been deducted.

Board Member Moran questioned why the Successor Agency was experiencing a deficit if it had received surplus funds. Ms. Garcia explained that the former Redevelopment Agency (RDA) worked for the City of San Fernando, and during budget discussions, there was always a resolution. She noted that the general fund would cover any RDA costs incurred, and the RDA would repay the general fund when it received its tax increment. However, because the RDA was already in debt, it also had to borrow money from enterprise funds to try to create and balance a budget.

The RDA was always in arrears and the funds received from the County for payment of ROPS 1 were actually used to repay the City's general fund.

Vice Chair Ramirez clarified that the County has communicated that the excess funds distributed for ROPS 1 constitute a credit for the payment of the ROPS 3, which is why the Successor Agency received no funds for the ROPS 3 period.

Mr. Penman added that the Successor Agency would not have sufficient funds in March 2013 to meet its obligations as listed on the ROPS for the period of July 1, 2013 through December 31, 2013 (ROPS 4). The Successor Agency staff will be seeking assistance from outside sources, possibly including Bond Counsel, in order to determine possible solutions.

Board Member Perez requested from the Successor Agency Staff to provide an overview of other cities in similar situations for the meeting in February 2013.

Board Member Everett referred to Exhibit 4 of the Due Diligence Review and requested information on items initially denied by the DOF as enforceable obligations. Ms. Garcia explained that one item is a payment of \$13,404, for a Section 108 loan, which was initially placed on ROPS 1 as an enforceable obligation. The DOF denied the item due to the agreement was made with the City and not the RDA. Due to the DOF denying it as an enforceable obligation, the auditor considered it an unenforceable obligation on the report. The other item, the \$250,000 repayment of Low and Moderate Income Housing Funds for Supplemental Education Revenue Augmentation Fund (SERAF) payments is an enforceable obligation, but payments are being deferred until 2013-2014 because the Redevelopment Property Tax Trust Fund (RPTTF) is not providing funds to repay this obligation at this time.

Board Member Everett requested clarification on Item No. 4 (page 26) of the report, on the accounting entry adjustment for the period of July 1, 2012 through June 30, 2012 in the amount of \$50,000. Ms. Garcia responded that this item was included on both ROPS 1 and ROPS for the period of July 1, 2012 through December 31, 2012 (ROPS 2) as an enforceable obligation and was approved without funding at both times. The item pertains to debt service money from a period when the RDA incorrectly received debt service dollars that should have gone to the City's retirement pension fund, this item was not approved on ROPS 3.

On motion of Vice Chair Ramirez, by Common Consent, there being no objection (Chair Frank being absent), the Oversight Board closed the public comment session.

On motion of Board Member Arroyo, seconded by Board Member Perez, duly carried by the following vote, the Oversight Board adopted Resolution No. 6, A Resolution of the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency Approving the Due Diligence Review Report for Non Housing Funds Conducted Pursuant to Health and Safety Code Sections 34179.5 and 34179.6 and Taking Certain Other Actions in Connection Therewith:

Ayes: 6 - Board Members Arroyo, Everett, Moran, Member Perez, Ramirez and Vice Chair Ramirez

Absent: 1 - Chair Frank

Attachments: [Staff Report](#)
[Due Diligence Review - Non Housing Resolution](#)

III. STAFF COMMUNICATIONS

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

Sonia Garcia, Junior Accountant, provided a verbal update pertaining to the Low and Moderate Income Housing Fund, and informed the Oversight Board that the Successor Agency had been denied on retaining the funds on the funds disbursed to the County of Los Angeles (County) for distribution to the taxing entities.

Ms. Garcia further informed the Oversight Board that no funds were received for the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013 (ROPS 3). The Successor Agency staff has contacted the County to discuss the financial situation; however, no discussion has taken place.

Vice Chair Ramirez inquired about the results of the "Meet and Confer" session regarding the ROPS 3. Ms. Garcia explained that the Department of Finance's final determination on ROPS 3 had been to deny the \$1.2 million, and the Successor Agency may file litigation in response to the Department of Finance's denial.

Don Penman, Interim City Administrator, added that Counsel for the Successor Agency is reviewing options to determine if there is any way to appeal DOF's determination.

Vice Chair Ramirez also apprised the Oversight Board about repayment of the Supplemental Educational Revenue Augmentation Fund, beginning in 2013-2014.

By Common Consent, there being no objection (Chair Frank being absent), the Oversight Board accepted Ms. Garcia's report.

VII. MISCELLANEOUS

- 3. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (13-0214)**

Ivonne Umana, Administrative Staff, noted Board Member Perez' request for an overview at the next meeting of what other cities are going through pertaining to funding issues and ROPS denials.

Vice Chair Ramirez requested a status update on the Recognized Obligations Payment Schedules for the period of July 1, 2013 through December 31, 2013 (ROPS 4) for the next meeting.

Board Member Arroyo reminded the Oversight Board, Chair Frank's request to the Successor Agency to provide a recap of all events and decisions that have occurred since the inception of the Oversight Board be presented to the Oversight Board prior to the review of the Recognized Obligation Payment Schedule 13-14 A (period of July 1, 2013 through December 31, 2013).

- 4. Public Comment. (13-0215)**

There were none.

- 5. Adjournment. (13-0216)**

The meeting adjourned at 10:59 a.m. The next scheduled meeting is to be held on February 14, 2013 at 10:00 a.m.